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SUBJECT: BRAZIL: POTENTIAL FOR WORKING CLOSER WITH BRAZIL ON
BIOTECHNOLOGY

REF: STATE 29340

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¶1. (SBU) SUMMARY. Biotechnology and genetic resources are issues that have divided the Brazilian ministries, with the Agriculture Ministry vigorously supporting increased use of biotechnology and freer flow of genetic resources, and until recently, the Environment Ministry expressing skepticism and caution on the matter. The growing use of agricultural biotechnology, including genetic engineering (GE), by Brazilian farmers and the arrival of a more pragmatic Environment Minister present an opportunity for the U.S. Government (USG) - per REFTEL - to encourage the Government of Brazil (GOB) to work more closely with the USG on these key issues. Brazil has come a long way in making use of biotechnology; post estimates that for the upcoming 2009/2010 season GE seeds will account for 65 percent of soybean plantings, 42 percent of corn plantings, and 20 percent of cotton plantings. END SUMMARY.

¶2. (SBU) Brazil over time has taken a more positive view of biotechnology, especially with regard to agriculture production. This more favorable attitude to domestic production, however, has not yet significantly transformed Brazil's position in international bodies regarding biotechnology, in particular the Cartagena Protocol on Biosafety under the Convention on Biological Diversity (CBD). Post has delivered the demarche in REFTEL to the key ministries dealing with biotechnology: the Ministry of External Relations, which leads Brazilian delegations at international meetings; the Agriculture Ministry; the Ministry of Science and Technology; the Environment Ministry; and the Health Ministry.

ENVIRONMENT MINISTRY'S CAUTIOUS APPROACH

¶3. (SBU) The GOB has two major influences shaping its policy toward biotechnology, genetic resources and biodiversity. Both are relatively new and at times can appear to be conflicting. The first influence is the GOB's interest in conserving and controlling the use of its vast biodiversity and genetic resources. This interest goes back to before the 1992 Rio Summit, which gave birth to the CBD and to the UN Framework Convention on Climate Change (UNFCCC). President Luiz Inacio Lula da Silva and the Brazilian political elite frequently highlight Brazil's enormous biodiversity resources, which they believe when tapped could bring a flood of riches to the country. Correspondingly, Lula and other GOB officials often speak of needing to defend Brazil's genetic resources and traditional knowledge from foreigners seeking to exploit them. Consequently, the GOB plays a leading role in the Mega-diverse Countries group within the CBD, which group aims to put the use of genetic resources under the firm control of the countries of origin.

¶4. (SBU) GOB officials are quick to suspect that biotechnology developed and patented elsewhere might have come from genetic resources or traditional knowledge in Brazil. They often point to the historic tragedy for Brazil when England smuggled rubber plants from the Amazon to Asia, which broke Brazil's lucrative rubber monopoly. This intense focus on having benefits flow back to the country of origin is reflected in the GOB's demand for a binding international agreement requiring disclosure of country of origin in patents. More recently, GOB officials expressed concern over sharing H1N1 virus samples, which could produce a profitable vaccine, from Brazil with others. Further, the GOB health officials spoke of "breaking" any patents on an H1N1 vaccine.

¶5. (SBU) In addition, historically the Environment Ministry has looked skeptically towards genetically engineered (GE) organisms, a position shared by many in the world environmental community. Whether out of concern for Brazil's native biodiversity or for other reasons, the Environment Ministry has been cautious about introducing GE organisms to Brazil. Marina Silva, the influential head of the Environment Ministry for the first six years of Lula's time in office, took a dogmatic approach against GE organisms. At the 2006 Meeting of the Parties of the Cartagena Protocol on Biosafety in Curitiba, Brazil she left the conference and met with President Lula to persuade him to reverse the GOB's position that was more accommodating toward commercial exporting of GE crops, i.e., switching from supporting a requirement to use the label "may contain" Genetically Modified Organisms (GMOs) - which was the USG preferred position - to a more onerous requirement to label "does contain" GMOs.

¶6. (SBU) The Environment Ministry's approach may be changing. In May 2008, Marina Silva left and Carlos Minc replaced her as Environment Minister. Lula selected Minc in large part for his pragmatism in dealing with economic issues. Since then the Embassy has heard reports that the Environment Ministry will be more pragmatic toward possible introductions of new GE organisms to

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Brazil. This would be consistent with the approach Minc has taken with other environmental issues.

¶7. (SBU) In May and later in June, Science Counselor met with Marcio Edgar Schuler, Director of the Genetic Patrimony Office, and Braulio Ferreira de Souza Dias, Director of the Biodiversity Conservation Office, from the Environment Ministry, who handle genetic resources issues for the Environment Ministry. Both urged that the United States join the CBD and they both expressed interest in working with the USG on biodiversity and genetic resources. Schuler complained about the European Union's impeding progress on negotiation of a new international agreement on genetic resources. Dias stressed that biotechnology is an important focus for the Environment Ministry. At the same time, he added, the GOB does not want to undermine patents, which create incentives for scientific advances. Dias declared that the Environment Ministry sought "a balance between biotechnology and conservation." He lamented the division within the GOB ministries, especially with the Agriculture Ministry, over policies concerning genetic resources. Schuler added that the Environment Ministry agreed with the CBD not encompassing crops covered by the Food and Agriculture Organization's International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA).

¶8. (SBU) COMMENT. The Environment Ministry seems willing and interested in working with the USG bilaterally and multilaterally on biotechnology and genetic resources. The USG can expect them to urge support for Brazil's redline positions in international negotiations on genetic resources, mainly 1) mandatory disclosures of country of origin in patents and 2) binding status of any new international agreement. Still, there appears to be recognition of the need to avoid interfering with commercial agriculture transactions, such as for crops included in the ITPGRFA, and being open about biotechnology. The almost instinctive opposition to the GE aspect of biotechnology seen during the days when Marina Silva ran the Environment Ministry appear to be coming to an end. END COMMENT.

AGRICULTURE MINISTRY'S STRONG SUPPORT FOR BIOTECHNOLOGY

¶9. (SBU) The second major influence affecting Brazil's biotechnology policy is that the powerful agriculture sector has embraced the use of biotechnology, including genetic engineering. More than a decade ago, Brazilian farmers began to use GE soybeans even though they had not been approved for use by the GOB. Early in Lula's first term he had to decide what to do with the widespread use of unapproved GE soybeans. Despite pressure from the Environment Ministry, he sided with the Agriculture Ministry and had the GE soybeans approved for use in Brazil. Today, in addition to one variety of GE soybeans, six varieties of GE corn, and three varieties of GE cotton have been approved by the GOB. The Foreign Agriculture Service (FAS) in its July 15, 2009, Biotechnology Annual Report for Brazil, estimates that for the upcoming 2009/2010 season GE seeds will account for 65 percent of soybean plantings, 42 percent of corn plantings, and 20 percent of cotton plantings.

¶10. (SBU) Many Brazilian farmers support biotechnology as demonstrated by their widespread use of GE seeds. However, Brazilian society as a whole basically remains neutral on the use of GE seeds, neither supportive nor opposed to products with GE organisms. Only now are products containing GE corn entering the domestic market. Previously, Brazilian farmers just used GE seeds with soybeans, which were intended primarily for the export market. So far, there has not been a strong, negative reaction among Brazilian consumers to products containing GMOs. There are vocal objections from some environmentalists and environmental non-governmental organizations (NGOs), but they represent a minority in Brazilian society. The most active opposition comes from the Movement for the Landless (MST), which last year invaded and destroyed Syngenta's research facility because it was cultivating GE plants.

¶11. (SBU) Leontino Rezende Taveira and Paulo Nogueira from the Agriculture Ministry's Department of Intellectual Property and Technology emphasized to Science Counselor their ministry's support for promoting biotechnology. They complained about being constrained by the Environment Ministry, and they lamented the weak support they received from the Ministry of Science and Technology in inter-ministerial debates over biotechnology and genetic resources. The Agriculture Ministry tends to share the USG point of view in international bodies on biotechnology and genetic resources issues. They were pleased with the crops that have been included in the ITPGRFA. Still, they worried about the other commercial crops - particularly soybeans - covered by the CBD but not by the ITPGRFA. In addition, they expressed concern about domestic rules on collecting genetic resources in situ because the requirements were burdensome and time-consuming. For now, they said agriculture

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researchers had sufficient work-arounds using existing ex situ collections of seeds that they could still conduct the research they wanted to do.

OTHER VOICES WITHIN THE BRAZILIAN GOVERNMENT

¶12. (SBU) The Ministry of Science and Technology's Secretary for Research and Development Luiz Antonio Barreto de Castro told Science Counselor that his ministry is interested in working closer with the USG on biotechnology and genetic resources, whether domestically or internationally. He thought this effort should build on the rich network of over 3,000 Brazilians researchers who are in the United States as students or scientists, as well as those previously trained in the United States. Barreto saw an evolution in the Environment Ministry's views on biotechnology in that they are less hostile. However, he pointed to a lack of a domestic biotechnology industry in the health sector, which undermined possible support for biotechnology from the powerful Health Ministry. COMMENT. The Ministry of Science and Technology recognizes that it should be supportive of biotechnology, however, in recent years it has been wary of taking sides in inter-ministerial disputes, much to disappointment of the Agriculture Ministry. END COMMENT.

¶13. (SBU) Pedro Binsfeld an advisor in the Health Ministry's Secretariat for Science, Technology and Strategic Inputs expressed

caution about biotechnology in the health sector. He told Science Counselor that biotechnology products raised serious concerns about their safety, their efficiency, and their comparability with non-biotechnology equivalents. Binsfeld stressed that the GOB would defend its interests and was not for or against any country in international meetings. Nonetheless, he claimed there was a lack of coordination within the USG on biomedicines. He called "bioterrorism" any violation of Brazil's regime on biotechnology. Binsfeld thought that with respect to medical biotechnology, the Europeans employed the best regime.

CAUGHT IN THE MIDDLE - THE MINISTRY OF EXTERNAL RELATIONS

¶14. (SBU) The Ministry of External Relations' (MRE) Director of the Environment Office Fernando Coimbra told Science Counselor that the MRE had the challenge of trying to bring the differing views of the various ministries into a GOB position at international conferences.

Coimbra was fully cognizant of the importance of Brazil's agriculture sector and the vital role biotechnology played. He complained of the European hostility to agriculture biotechnology and also that of various environmental groups. Still, Coimbra stressed that the MRE was principally the mediator in establishing the GOB's positions in international organization, rather than the leading voice.

¶15. (SBU) Nonetheless, the MRE's default position for many multilateral negotiations is the G-77 position. Regarding biotechnology the MRE is not instinctively inclined to follow the Europeans, but it is cautious also about being too closely associated with the USG. The Agriculture Ministry has made significant headway in persuading the MRE about Brazil's national interests in supporting agriculture biotechnology.

¶16. (SBU) COMMENT. Brazilian farmers have enthusiastically embraced biotechnology, as described in detail in the FAS's recent annual biotechnology report. This development, combined with the installation of a more pragmatic leadership in the Environment Ministry, provides a strong basis for encouraging the GOB to be more supportive of biotechnology in international settings. There is still deep set skepticism about biotechnology, especially in the medical field. Nonetheless, a visit by the Secretary's Science and Technology Advisor would present an excellent opportunity to capitalize on these positive developments. END COMMENT.

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